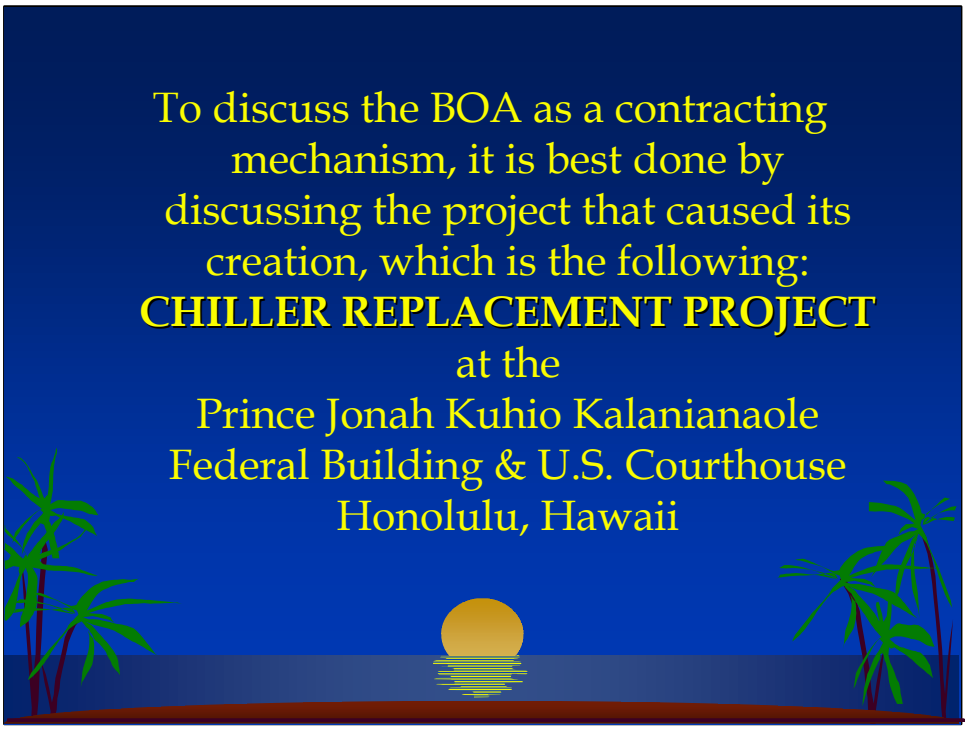
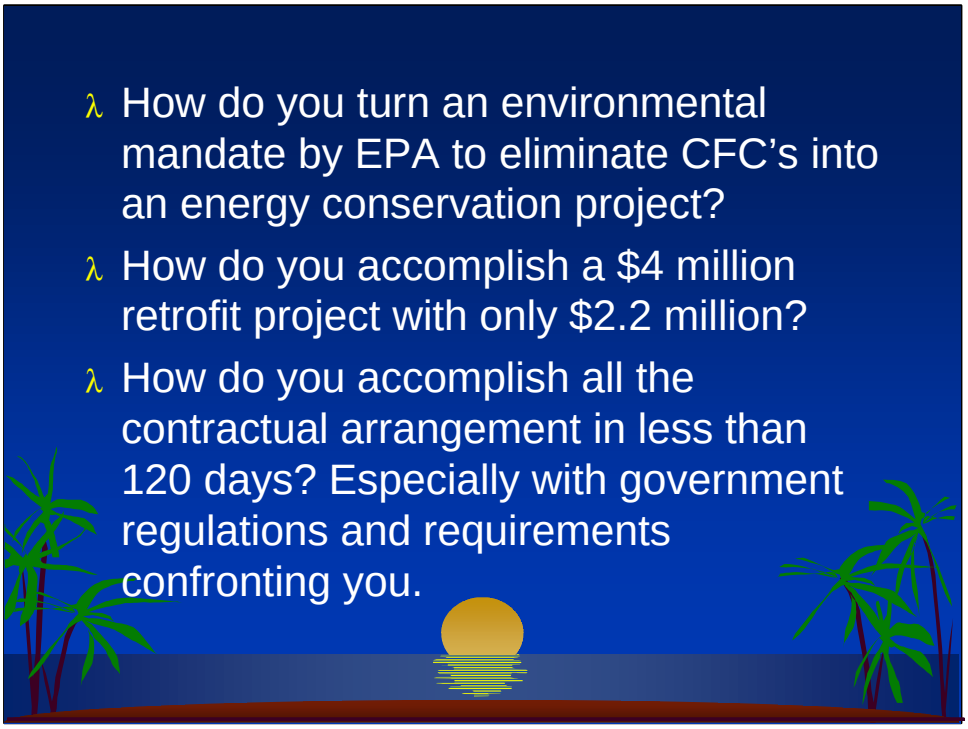

GSA
CONTRACTING MECHANISM
WITH THE U.S. GENERAL SERVICES ADMINISTRATION, USING THE BASIC ORDERING AGREEMENT (BOA)

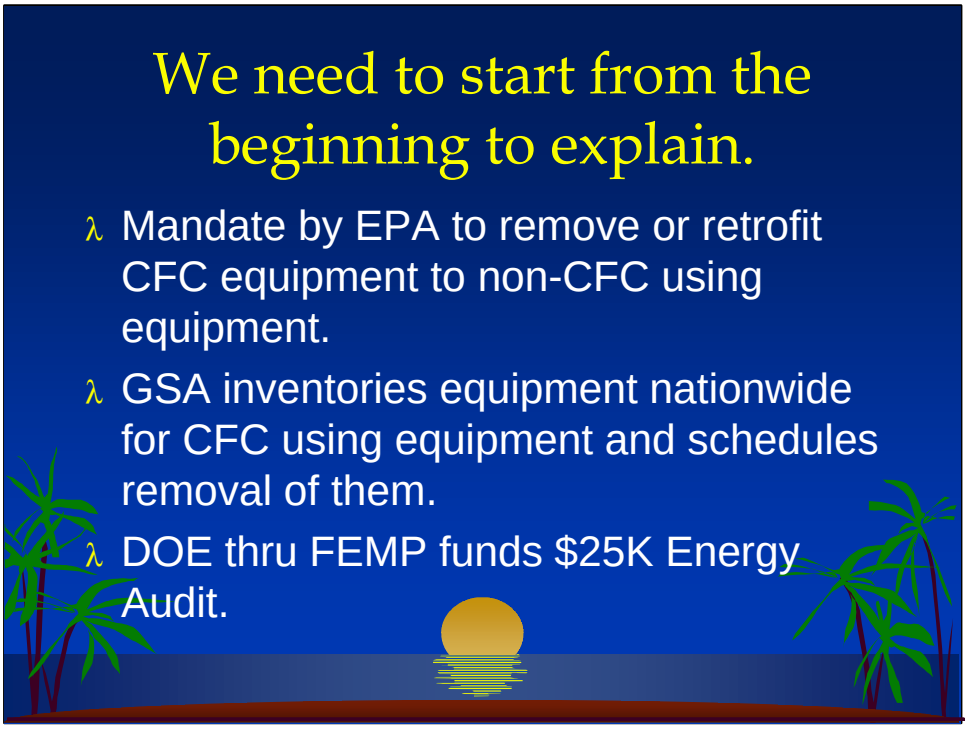

To discuss the BOA as a contracting mechanism, it is best done by discussing the project that caused its creation, which is the following:
CHILLER REPLACEMENT PROJECT
at the
Prince Jonah Kuhio Kalanianaole
Federal Building & U.S. Courthouse
Honolulu, Hawaii

- How do you turn an environmental mandate by EPA to eliminate CFC's into an energy conservation project?
- How do you accomplish a $4 million retrofit project with only $2.2 million?
- How do you accomplish all the contractual arrangement in less than 120 days? Especially with government regulations and requirements confronting you.



We need to start from the beginning to explain.

- Mandate by EPA to remove or retrofit CFC equipment to non-CFC using equipment.
- GSA inventories equipment nationwide for CFC using equipment and schedules removal of them.
- DOE thru FEMP funds $25K Energy Audit.

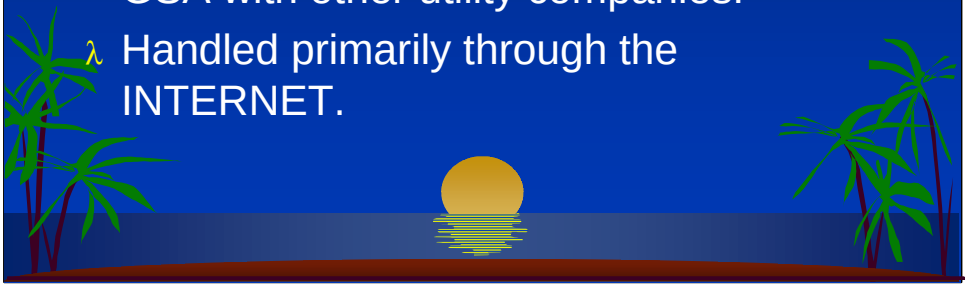


Cont.

- Existing chillers (R-12) and cooling towers are 18 years old and presenting maintenance issues.
- Oklahoma Bombing causes recession in funding nationwide.
- WHERE DO I GO FROM HERE????
- A phone call was made and a partner-ship started.

GSA and HECO Basic Ordering Agreement (BOA)

- Commitment by all parties involved.
- Format used had already been used by GSA with other utility companies.
- Handled primarily through the INTERNET.



BOA Cont.

- Negotiations for BOA completed within 45 days from the phone call.
- BOA signed November 13, 1995.
- Ceremonial signing ceremony held on February 8, 1996.

GSA - BOA Highlights

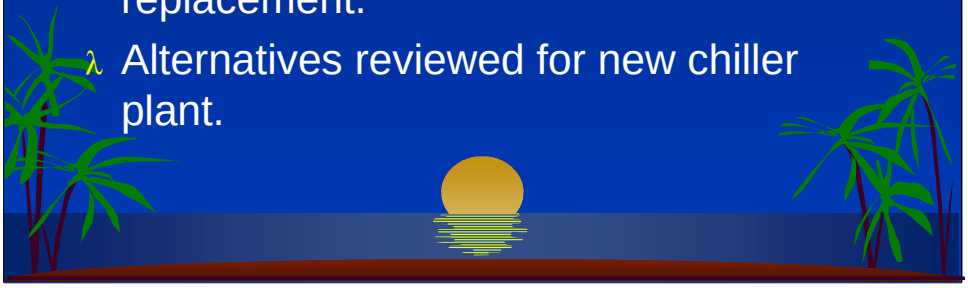
- Establishes contracting vehicle that all Federal Agencies can use with HECO to identify, finance and install energy conservation projects.
- Enhances GSA's performance of energy projects in Oahu with performance and funding alternatives.

BOA Highlights Cont.

- Shattered traditional timeframes for negotiations of similar contracts.
- Only project of such magnitude and complexity ever accomplished essentially through the INTERNET.
- DSM rebates incorporated in the project.
- HAWAII IS NO KA OI !!!!!!!

Chiller Plant Project

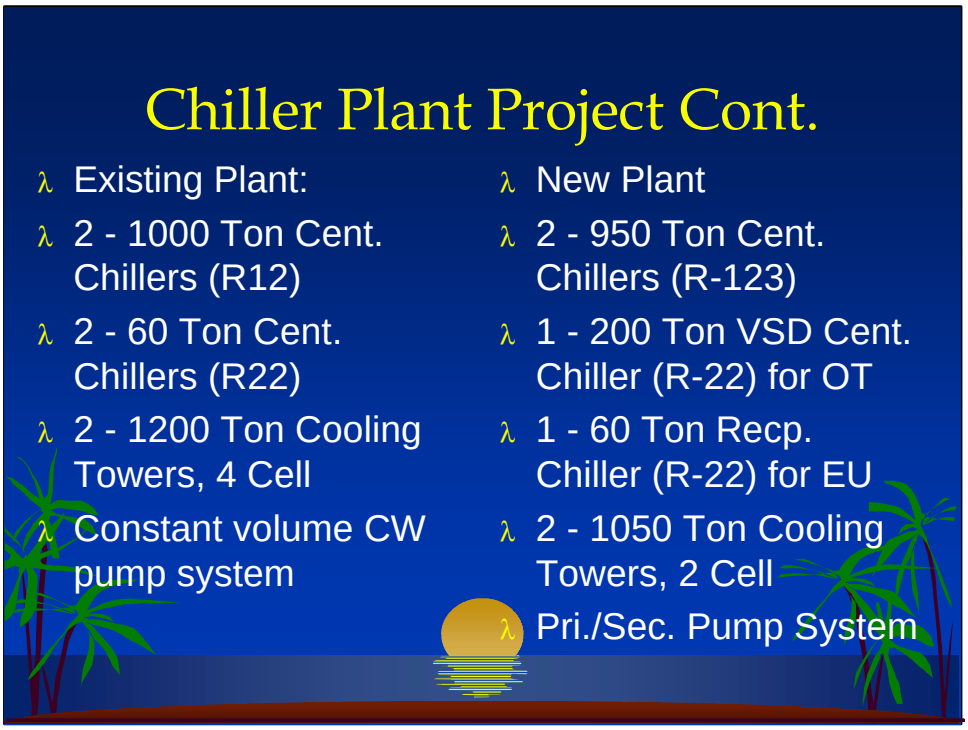
- Feasibility Study started by HECO through MEH.
- Existing chiller plant is 18 years old, R12 refrigerant, cooling towers need replacement.
- Alternatives reviewed for new chiller plant.



Chiller Plant Project Cont.

- Existing Plant:
- 2 - 1000 Ton Cent. Chillers (R12)
- 2 - 60 Ton Cent. Chillers (R22)
- 2 - 1200 Ton Cooling Towers, 4 Cell
- Constant volume CW pump system

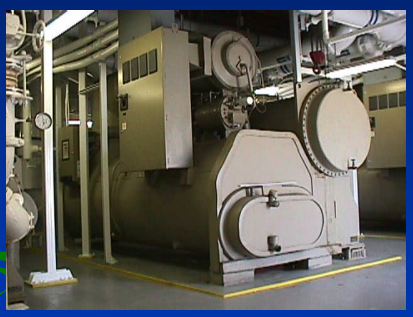
- New Plant
- 2 - 950 Ton Cent. Chillers (R-123)
- 1 - 200 Ton VSD Cent. Chiller (R-22) for OT
- 1 - 60 Ton Recp. Chiller (R-22) for EU
- 2 - 1050 Ton Cooling Towers, 2 Cell
- Pri./Sec. Pump System



New Cooling Tower

- 2 - 1050 Ton Cooling
- 2 Cell
- Mfr. Baltimore Air Coil

New Centrifugal Chiller



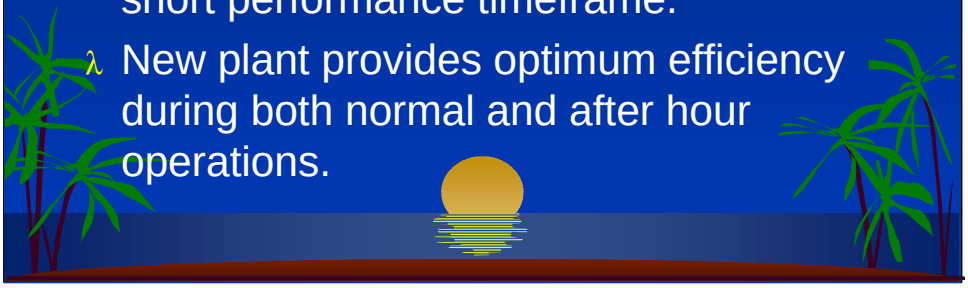
- 2 - 950 Ton Centrifugal Chiller
- R-123
- Mfr. Trane

Chiller Plant Project Construction

- Design started by MEH.
- Construction started by Continental Mechanical of Hawaii (GC).
- Project Substantially Complete in May.
- Final Acceptance/Commissioning of the system was completed in September 22, 1997. 23 months from start to finish.

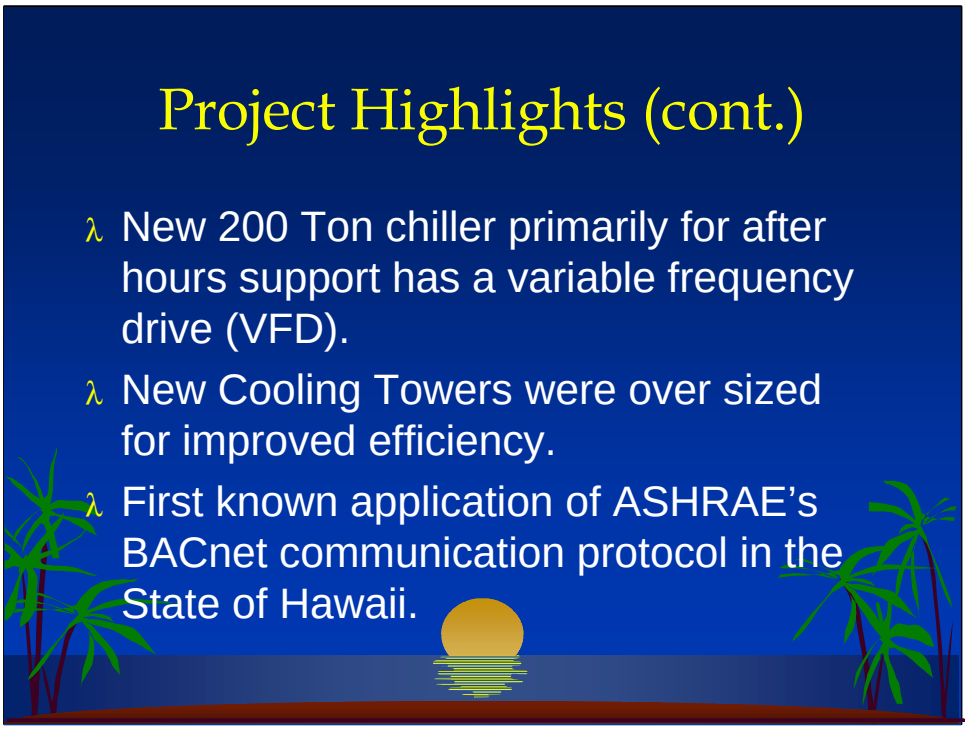
Project Highlights

- New plant layout addresses maintenance and service access issues.
- Project was fast tracked because of short performance timeframe.
- New plant provides optimum efficiency during both normal and after hour operations.



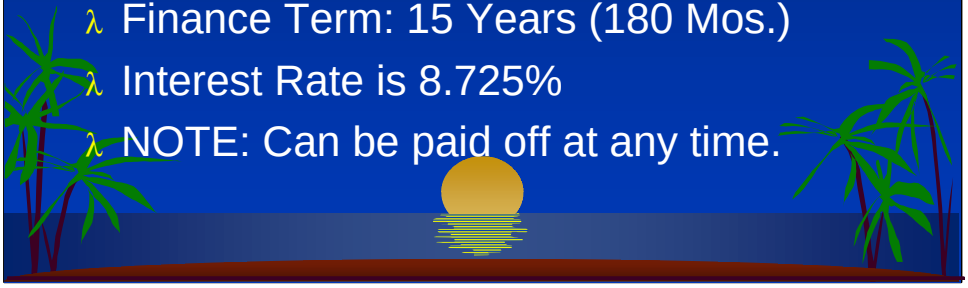
Project Highlights (cont.)

- New 200 Ton chiller primarily for after hours support has a variable frequency drive (VFD).
- New Cooling Towers were over sized for improved efficiency.
- First known application of ASHRAE's BACnet communication protocol in the State of Hawaii.



Financial Terms of the Project

- Financing obtained by HECO through Potomac Federal
- Amount Financed $1,837,556
- Mo. Payment by GSA to HECO $18,338
- Finance Term: 15 Years (180 Mos.)
- Interest Rate is 8.725%
- NOTE: Can be paid off at any time.



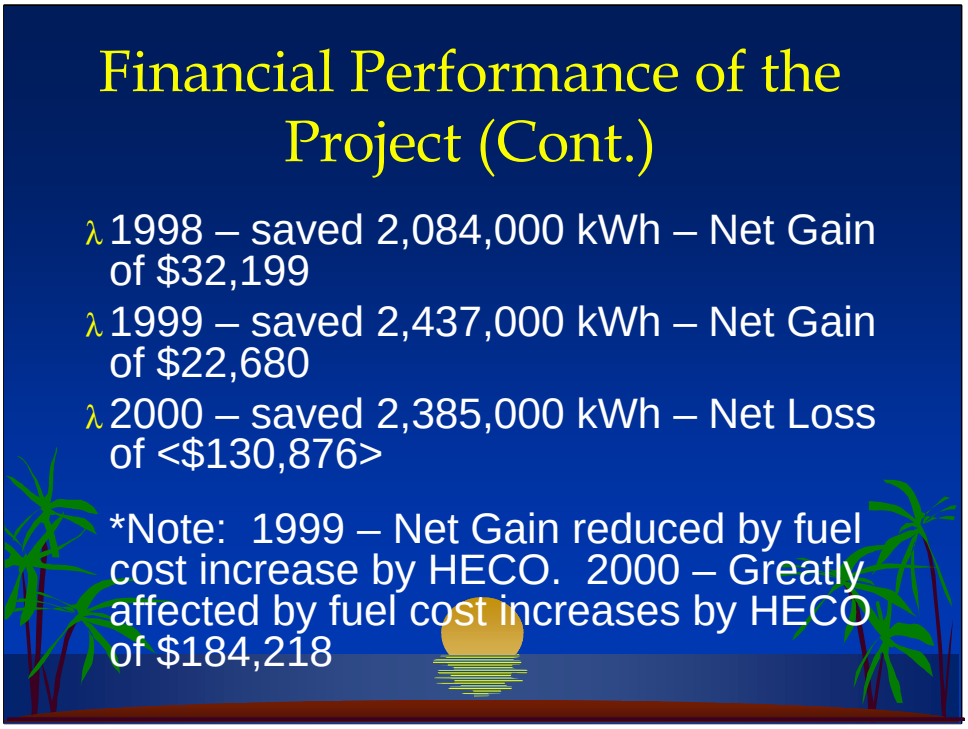
Financial Performance of the Project

- Life Cycle Cost Analysis comparing old plant to new showed a net savings of $1,451,290
- Savings to Investment Ratio of 2.49
- Estimated energy savings 1,727,051 kWh
- Base Year 1996, April 1997 – First Chiller Installed
- 1997 – saved 1,410,000 kWh – Net Gain of $25,291

Financial Performance of the Project (Cont.)

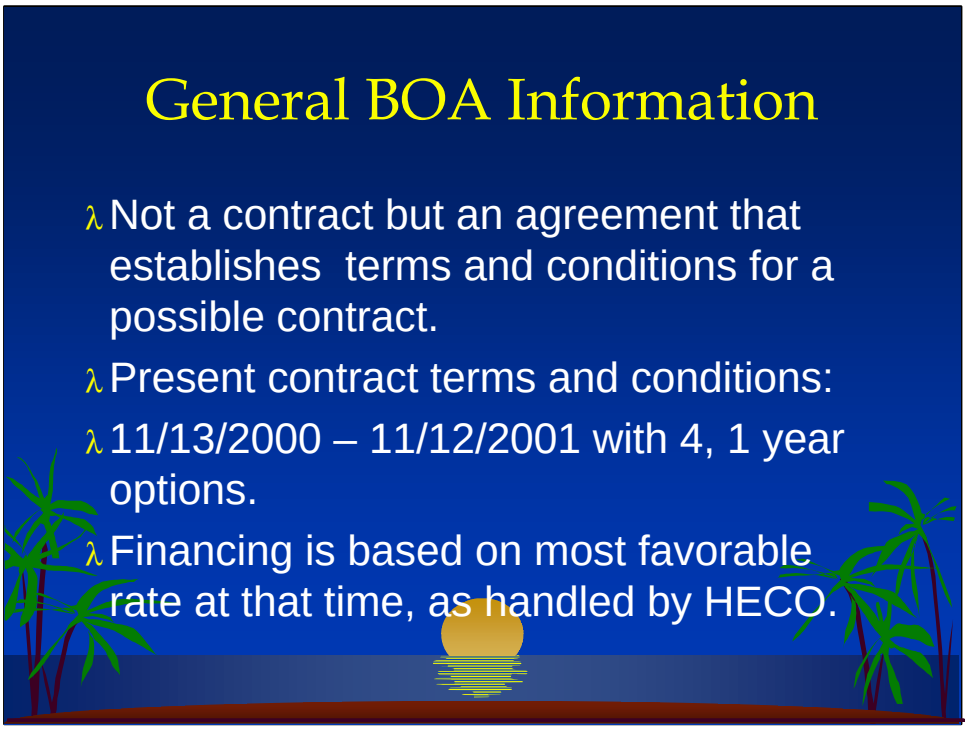
- 1998 – saved 2,084,000 kWh – Net Gain of $32,199
- 1999 – saved 2,437,000 kWh – Net Gain of $22,680
- 2000 – saved 2,385,000 kWh – Net Loss of <$130,876>

*Note: 1999 – Net Gain reduced by fuel cost increase by HECO. 2000 – Greatly affected by fuel cost increases by HECO of $184,218



General BOA Information

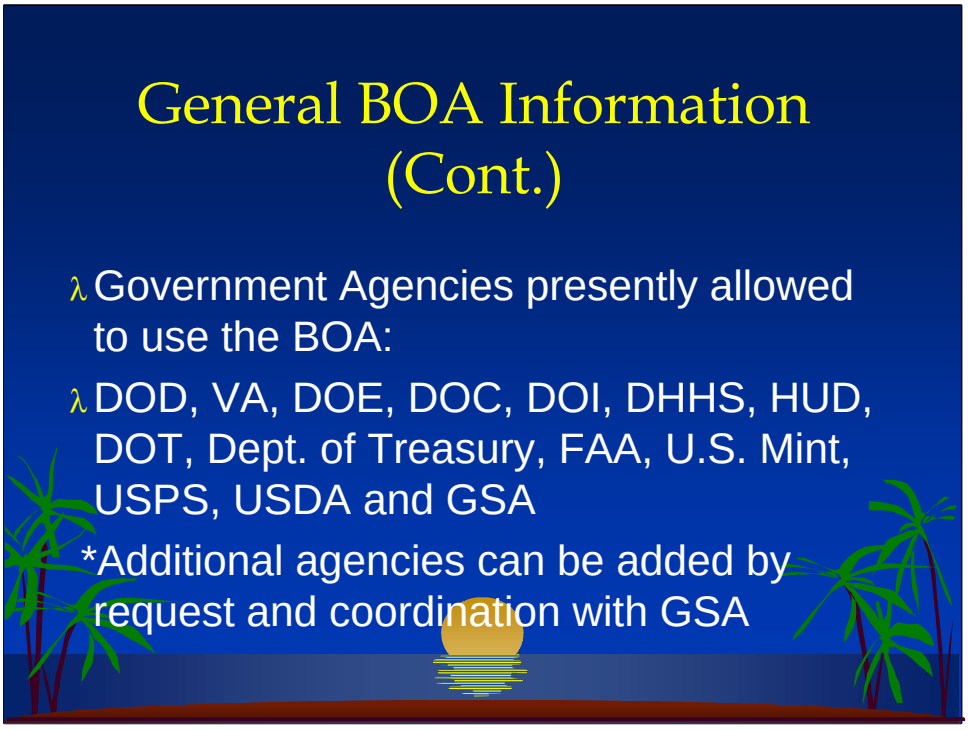
- Not a contract but an agreement that establishes terms and conditions for a possible contract.
- Present contract terms and conditions:
- 11/13/2000 – 11/12/2001 with 4, 1 year options.
- Financing is based on most favorable rate at that time, as handled by HECO.



General BOA Information (Cont.)

- Government Agencies presently allowed to use the BOA:
- DOD, VA, DOE, DOC, DOI, DHHS, HUD, DOT, Dept. of Treasury, FAA, U.S. Mint, USPS, USDA and GSA

*Additional agencies can be added by request and coordination with GSA



PROJECT HAS WON THE FOLLOWING AWARDS:

- 1998 GSA National Contracting Innovation Award
- 1998 DOE-FEMP National Award for Energy and Efficiency
- 1999 HECO Institutional Award for Energy and Efficiency

PROJECT HAS WON THE FOLLOWING AWARDS:

- 2000 DOE/EPA Energy Star Building Label, which is awarded to buildings in the top 25% nationwide, in terms of energy performance and maintaining an indoor environment that conforms to industry standards. Measured on a scale of 0 to 100, a building needs to earn a score of 75 or greater. The Prince Kuhio Federal Building earned a score of 99.

Never forget - it can be done!

Aloha and Mahalo

Gerald “Joe” Melanson

GSA Honolulu Property Management Office